

A REPORT ON THE SECONDARY IMPACTS OF ADULT USE BUSINESSES IN THE CITY OF DENVER



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Denver City Council

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EXECUTIVE SUMMARY

Background

In the two decades since the U.S Supreme Court upheld a Detroit ordinance imposing separation requirements on adult use businesses, state and local governments increasingly have turned to zoning laws to regulate the location and operation of such businesses.

Regulations imposed on adult use businesses have serious constitutional implications because of the First Amendment's guarantees of freedom of expression and speech. The importance of these issues is reflected in the hundreds of appellate court cases nationwide challenging the constitutionality of state or local regulation of adult uses.

In October 1996, the Denver City Council imposed a temporary moratorium on the issuance of zoning permits for adult use businesses in certain districts, and directed city departments and agencies to undertake a comprehensive study of the secondary impacts of such businesses on nearby properties and neighborhoods.

Efforts to regulate adult uses in Denver are aided by the experiences of other municipalities in defending their ordinances against such challenges, including documentation of the negative impacts caused by adult use businesses on property values and the safety and well-being of people who live and work in areas surrounding such businesses.

Zoning

Twenty adult use businesses are currently operating in Denver under approved use permits in the B-3, B-4, B-5 and B-8 zone districts. They include five adult theaters/bookstores, four cabarets, three pop shops and eight adult bookstores (seven of which also offer live entertainment and/or video booths).

Seventeen of these 20 businesses do not meet separation requirements established in 1976 for adult uses but, because they were in existence prior to that time, have continued to operate as legal nonconforming uses. Three new adult use businesses, all of which meet the city's separation requirements, have been established since 1992.

Applying the current separation requirements, there are currently 597 acres of land available for adult use businesses to operate in the City's business zone

districts and Planned Unit Development (PUD) zone districts. The number of individual sites currently available for adult uses is 89, including the 20 sites currently occupied by adult use businesses. An additional 25 sites are available for use by adult businesses in industrial districts, where structures erected before 1956 are eligible for use exceptions.

Licensing

Of the 20 adult use businesses currently operating in Denver, all but one (Las Vegas Adult Palace) require licensing, as either amusements or cabarets, by the Denver Department of Excise and Licenses.

The department issues Amusement Class 16 licenses to establishments and individuals providing live entertainment, Amusement Class 15 licenses to establishments that have picture show devices and Amusement Class 6 licenses to those that show movies. If the adult entertainment establishment sells alcohol, the operator must possess an adult cabaret license, in addition to a liquor license.

Both amusement and cabaret licenses can be suspended, revoked or not renewed by the excise and licenses department after notice to the applicant of the allegations forming the basis of any complaint, followed by a hearing. The cabaret provisions are more detailed and inclusive regarding the grounds for suspension, revocation or non-renewal. The department director has the authority to put conditions on a cabaret license, but not on an amusement license.

Most adult use businesses in Denver have had their licenses suspended on one or more occasions for criminal violations by patrons or employees (or, in some cases, for licensing violations short of criminal behavior). The overwhelming majority of such violations involved public indecency, including masturbation, fondling and deviate sexual intercourse. In addition, many adult use businesses have had warnings or order-ins issued by the police or by the department of excise and licenses for similar offenses.

Among the four groups of adult use businesses licensed by the City, Amusement Class 15 licensees, which offer adult books and adult picture show devices, do not seem to generate the same amount of violations as those establishments that offer live entertainment or movies.

Neighborhood Impacts

The Adult Use Study Team reviewed impact studies, or summaries of studies, conducted in 21 jurisdictions. These studies have found such businesses to cause negative secondary impacts to nearby properties and neighborhoods, including criminal activity, litter, noise, traffic problems and depreciation in property values.

Surveys, interviews and site inspections conducted as part of this study show that people who live or own businesses near adult use businesses – particularly bookstores and theaters – feel their presence in the neighborhood lowers property values, generates crime and contributes to an overall decrease in quality of life.

While all of the adult businesses in the study areas have had a negative impact on adjacent residential areas, those that have had the greatest impact are adult theaters/bookstores, which generally operate 24 hours a day, seven days a week. The intense level of activity generated by adult cabarets and pop shops has also had a negative impact on adjacent neighborhoods.

In general, a greater percentage of residents than business owners have experienced negative secondary impacts from adult use businesses. This is probably due to the fact that most of the neighborhood businesses are open only during the day, while residents are in the neighborhood day and night. Enough of the local businesses, however, are experiencing impacts to warrant concern.

Among the specific findings of the Department of Planning and Community Development's survey of neighborhood residents and business owners:

Overall Impact on Neighborhood

Of the residents surveyed, 69% felt that adult use businesses had a negative overall effect on their neighborhood. The most frequently mentioned impacts were neighborhood appearance, litter, traffic and decreased property values.

A negative perception of the overall impact of adult use establishments was less prevalent among neighborhood business owners. Fifty six percent of business owners surveyed said the presence of adult uses in the neighborhood had no effect on their daily activities. The most frequently mentioned impacts were neighborhood appearance, decreased property values and litter.

Specific Activities and Impacts Observed by Neighbors

Activities observed by those living near adult use businesses included littering, trespassing and drinking alcohol in public . Litter generated by such businesses includes printed material containing pornography, used condoms, sex paraphernalia and used syringes. Residents also mentioned having seen people urinating, masturbating and soliciting for prostitution in areas adjacent to adult use establishments.

Of the activities observed by neighborhood business owners, the most frequently mentioned were littering, harassment of pedestrians and fighting.

Actions Taken by Neighborhood Residents and Business Owners in Response to Negative Impacts Caused by Adult Businesses

Some survey respondents said that the negative impact of adult use businesses on their neighborhood has forced them to take action or seek assistance, including restricting parking in front of their homes, calling the police and installing new lighting .

Business owners mentioned calling the police , restructuring business hours and installing better locks or hiring security guards.

Impact of Adult Uses, by Type of Business

- *Adult bookstores with live amusement.* Among people who live or work near adult bookstores featuring live amusement, 75% of residents and 67% of business owners felt that such businesses had a negative overall impact on the neighborhood. The most frequently cited complaints were drug dealing, trash, and prostitution and other illicit sexual activity in parking lots and nearby alleys.
- *Adult theaters.* Among people who live or work near adult theaters, 80% of residents and 41% of businesses owners felt that such businesses had a negative overall impact on the neighborhood. Complaints included prostitution, drug dealing, litter and the parking of patrons' cars on neighborhood streets.

- *Adult Cabarets and Pop Shops.* Among people who live or work near adult cabarets or pop shops, 78% of residents and 47% of businesses owners felt that such businesses had a negative overall impact on the neighborhood. The most frequently cited complaints were litter and trash containing pornographic material.

Incidence of Crime

To assess the impact of adult use businesses on neighboring properties, the Department of Public Safety collected and analyzed three categories of data for 1995 and 1996 -- calls for service, reported offenses and arrests -- for 15 study areas surrounding such businesses. Study areas were established by aggregating the statistics from the most active locations within a one-block area with the data for each existing adult use business.

The analysis showed that the incidence of certain kinds of crimes was proportionately higher in the study areas -- and significantly higher at many of the individual adult business locations -- than in the city as a whole. These crimes included disturbing the peace, public indecency, prostitution, drug-related violations, loitering, robbery, larceny, theft from motor vehicle, drinking in public/vehicle and urinating in public.

The analysis also showed that the incidence of certain kinds of criminal activity -- prowler and disturbance complaints, public drunkenness, drug-related crimes and public indecency -- was higher in the areas surrounding adult theaters and bookstores than in areas surrounding other types of adult businesses.

Effect on Property Values

Using 1994-97 assessment data, existing adult businesses in Denver were categorized into seven study groups in order to measure the impact of such businesses on assessed property values.

Analysis showed that commercial properties within the adult business blocks and residential properties abutting the adult business blocks tended to increase to a lesser degree than other properties in the same location.

Also, the impact on residential values is greater for properties that abut adult use businesses than on commercial properties that abut such businesses.

I. INTRODUCTION

In October 1996, the Denver City Council passed Council Bill No. 823 providing for a temporary moratorium on the issuance of zoning permits for adult use businesses. The moratorium was imposed to allow city departments and agencies to conduct a study to (1) assess any adverse secondary impacts caused by adult use businesses on nearby properties and neighborhoods and (2) determine the availability of sites for adult businesses.

A working group, the Adult Use Study Team, was established to conduct the study. The study team, which met on 14 occasions beginning in December 1996, consisted of representatives from a number of city agencies and departments:

- Kent Strapko, Charles Meredith (Zoning Administration)
- Ken Brewer (Office of Planning and Development)
- Sandie Norman (Department of Public Safety)
- Beth McCann (Department of Excise and Licenses)
- Jim Lindsey (Department of Revenue/ Assessment Division)
- Bob Conrad (Department of Environmental Health)

Study team members were asked to analyze the impact of adult businesses from their separate fields of expertise using data and information maintained by their departments and drawing on professional resources outside the city.

This report begins with a summary of the team's review of adult business impact studies conducted in 21 other cities and counties across the the nation over the past several years, and an overview of the major legal issues involved in regulating adult businesses.

Sections IV and V of the report provide a detailed look at the regulation of adult businesses in Denver, including an examination of the zoning and licensing laws that govern such businesses; an analysis of the amount of land and number of sites currently available for adult businesses; and a review of license violations, suspensions and revocations.

The remaining three sections of the report focus on the negative secondary impacts of adult businesses in Denver.

Section VI examines how such businesses affect the daily lives of people who live and work in surrounding neighborhoods, drawing on a variety of sources including site inspections, a survey of residents and business owners, interviews

with representatives of registered neighborhood organizations and a review of police department vice/drug investigations.

Section VII focuses on the incidence of crime linked to adult businesses, based on a detailed analysis of calls for police service, reported offenses and arrests during 1995 and 1996 in 15 study areas surrounding such businesses.

The report concludes with a look at the impact of adult businesses on the assessed value of adjacent residential and commercial property, using 1994-97 assessment data.

II. REVIEW OF ADULT BUSINESS IMPACT STUDIES FROM OTHER CITIES

Other jurisdictions that have studied the effects of adult use businesses have found such businesses to have negative secondary impacts, despite wide variations in land use patterns and other local conditions.

The Adult Use Study Team reviewed impact studies, or summaries of studies, conducted in 21 jurisdictions: Amarillo (TX), Austin (TX), Beaumont (TX), Cleveland (OH), Colorado Springs (CO), Dallas (TX), Garden Grove (CA) Harris County (TX), Houston (TX), Indianapolis (IN), Kent (WA), Los Angeles (CA), Minneapolis (MN), New York City (NY), Newport News (VA), Oklahoma City (OK), Phoenix (AZ), St. Paul (MN), Seattle (WA), Tucson (AZ) and Whittier (CA).

Among the major findings of our review:

- Criminal activity -- primarily drug dealing, prostitution, public indecency and sexual assault -- was the impact most frequently cited in the studies reviewed.
- Litter, noise and traffic problems were among the other major impacts cited in most of the studies reviewed.
- Adult uses were found to have a significant impact on property values, particularly single-family homes. The primary factor cited for the depreciation in property values was increased crime activity associated with adult businesses.
- Adult business signs are generally larger, more often illuminated and graphic (sexually oriented) than signs of nearby commercial uses. Community residents frequently object to this signage as being out of keeping with neighborhood character, and express concern about the exposure of minors to sexual images.

Following is a brief description of some of the impact studies reviewed by the Adult Use Study Team:

Study of the Effects of the Concentration of Adult Entertainment Establishments in the City of Los Angeles (1977)

The Los Angeles planning department studied the effects of the concentration of sexually oriented businesses on surrounding properties between 1969 and 1975. More than 90% of realtors, real estate appraisers and lenders surveyed said that a

grouping of such businesses within 500 to 1,000 feet of residential property decreases the market value of homes. The study also found a disproportionately higher incidence of crime -- including assault, murder, pandering, drug-related violations and robbery -- in areas where adult businesses were concentrated.

A Report on Zoning and Other Major Methods of Regulating Adult Entertainment in Amarillo (1977)

The Amarillo police department provided an analysis demonstrating that areas of concentrated adult businesses was 2-1/2 times higher than the street crime in the city average. The city planning department concluded that concentrations of such businesses have detrimental effects on neighboring residential and commercial areas because of (1) noise, lighting and traffic during evening hours, (2) increased opportunity for street crime and (3) the tendency of citizens to avoid such business areas.

Adult Business Study: Phoenix, Arizona (1979)

The study concluded that there was a significantly greater incidence of crime in the study areas than in the control areas. The study found that there were 40% more property crimes and violent crimes per 1,000 persons in the study areas than in the control areas, and that the sex-crime rate was six times higher in the study areas than in the control areas.

Adult Entertainment Businesses in Indianapolis: An Analysis (1984)

The city of Indianapolis collaborated with Indiana University researchers to evaluate the impact of adult businesses on property values and crime in six study areas. The study found a significantly higher increase in criminal activity, particularly sex-related crimes, in the study areas than in the city as a whole. The study also concluded, based on a survey of local and national real estate appraisers, that "adult entertainment businesses, even relatively passive uses, such as an adult bookstore, have a serious negative effect on their immediate environs."

Report on Adult-Oriented Businesses in Austin (1986)

This report was used to develop an amendment to existing ordinances governing adult businesses. The study examined crime rates, property values and trade-area characteristics. Sex-related crime ranged from 177%-482% higher in the four study areas than the city average. In the two study areas containing more than one adult business, the crime rate was 66% higher than in the study areas with only one such business. The study recommended that (1) adult businesses be

limited to highway or regionally oriented zone districts, (2) adult businesses be dispersed to avoid concentration and (3) conditional use permits be required for such businesses.

The Relationship Between Crime and Adult Business Operations on Garden Grove Boulevard (1991)

The study concluded that crime increased significantly with the opening of an adult business, or with the expansion of an existing business or the addition of a bar nearby. The increase was greatest in serious offenses such as homicide, rape, robbery, assault, burglary, theft and auto theft. On Garden Grove Boulevard, seven adult businesses accounted for 36% of all crime in the area. Real estate professionals surveyed as part of the study overwhelmingly agreed that adult businesses within 200 to 500 feet of residential and commercial property significantly depreciate property values.

Report on Sexually Oriented Businesses: Colorado Springs (1992)

This report was a study of adult businesses in Colorado Springs to determine if revisions should be made to the ordinances regulating such businesses. The study concluded (1) there was a proportionately higher incidence of crime in areas where adult businesses were located, (2) the 1,000-foot spacing requirement be modified to provide better buffering of adult uses from churches, schools, parks or other adult uses, (3) the proposed ordinance changes would leave 1,806 acres in which adult businesses could locate and (4) a total of 55 new sites would be available for adult uses under the new spacing requirements.

Analysis of the Effects of Sexually Oriented Businesses Which Advertise Live, Semi-Nude Entertainment to the Public on Surrounding Properties and On Neighborhoods (1994)

This study, conducted in Dallas, concluded that adult businesses and dance halls operating as adult cabarets have both a real and perceived negative effect on surrounding properties and neighborhoods. The primary ways in which such businesses affect surrounding areas were (1) by their physical presence, including signage and advertising, and (2) by the hours they operate and the kind of people they attract.

Adult Entertainment Study: City of New York (1994)

The New York City planning department evaluated the nature and extent of adverse impacts associated with adult businesses in Times Square, Chelsea and along major vehicular routes in Manhattan and other boroughs. The study identified a number of significant negative impacts in areas where such businesses are concentrated, including a substantially higher incidence of crime and a slower rate of increase in assessed property values. The study concluded that it was appropriate to regulate adult businesses differently from other businesses, and that there was merit in considering restrictions on the location of adult uses in proximity to residential areas, churches, schools and each another.

Report on the Concentration of Adult Use Establishments in the Times Square Area (1994)

The Times Square Business Improvement District in New York City commissioned a study to determine the effect of adult businesses on the Times Square commercial area. The study found a proportionately higher incidence of criminal complaints on the study blocks than on the control blocks, and a proportionately lower rate of increase in total assessed values.

III. REVIEW OF COURT DECISIONS ON THE REGULATION OF ADULT USES

Ever since the United States Supreme Court decision in *Young v. American Mini Theatres*, 427 U.S. 50 (1976), state and local governments have been turning to zoning laws to regulate adult use businesses. Regulations imposed on adult businesses have serious constitutional implications because of the First Amendment's guarantees of freedom of expression and speech. However, not all forms of expression enjoy the same degree of constitutional protection.

Generally, the government does not have the power to restrict expression or speech because of its message, ideas, subject matter or content. However, the courts recognize that while the commercial operation of adult businesses involve some degree of constitutional protection, the expressive component of such activity is secondary to the conduct itself and the scope of permissible government regulation increases. Thus, the government may regulate adult businesses even though the regulation results in an incidental limitation on protected expression.

Appellate courts around the country have upheld ordinances limiting the location of adult businesses within specified distances of residential zone districts, churches, schools and other adult businesses, similar to Denver's current regulatory scheme. In the *American Mini Theatres* case, the Court approved Detroit's dispersion-type ordinance prohibiting adult theaters from locating within 1000 feet of any two other such uses or within 500 feet of any residential zone as a valid exercise of the city's police power. The Court concluded that municipalities must be allowed a reasonable opportunity to experiment with solutions to serious problems and that attempts to preserve the quality of life are entitled to deference by the judiciary.

Municipalities may regulate constitutionally protected activities provided the ordinance is necessary to prevent adverse secondary effects, such as neighborhood deterioration caused by crime and blight, related to the operation of adult businesses. Detroit relied on studies and testimony of experts to document such negative effects and demonstrate that the dispersion provisions were intended to prevent such effects by merely limiting the locations where adult businesses could operate and not restrict constitutionally protected expression.

Ten years after *American Mini Theatres*, the Supreme Court approved a zoning ordinance concentrating adult businesses in a limited geographical area of the city. *City of Renton v. Playtime Theaters Inc.*, 475 U.S. 41 (1986). Renton did not conduct its own study but relied on a study conducted by nearby Seattle,

Washington documenting the adverse secondary effects caused by adult businesses operating in Seattle. The Court held the First Amendment does not require municipalities to conduct their own studies before adopting an ordinance. Municipalities can rely on studies conducted by other cities provided they reasonably believe the negative secondary effects found to exist in the other city are relevant to the problems the municipality seeks to address.

Ordinances imposing locational and other restrictions on adult businesses are limited to imposing content neutral time, place and manner restrictions. Ordinances are viewed as content neutral when they are not directly or indirectly aimed at the content of the protected activity occurring at adult businesses but rather at the undesirable secondary effects attributable to these businesses. The courts have held that the question of content neutrality focuses on the government's purposes in enacting the ordinance.

In order to pass constitutional muster, restrictions on adult businesses should be no greater than necessary, to further a substantial governmental interest. As previously noted, governments do have a substantial interest in preserving the quality and character of neighborhoods by preventing such negative effects as neighborhood blight, crime, increased traffic and lower property values.

Ordinances restricting adult business operations must allow a reasonable opportunity for such businesses to operate in the municipality. In other words, locational requirements imposed by zoning ordinances must insure available sites for adult businesses to operate. In making this determination, reviewing courts look at the amount of acreage available for adult businesses as well as the actual number of potential sites available. Recent decisions from around the country indicate that courts reviewing ordinances enacted by urban municipalities prefer to look at the actual number of existing and potential sites available in the municipality while the amount of available acreage may be more relevant to rural areas.

The courts have not defined a constitutional minimum number of sites that must be available for adult businesses for an ordinance to pass constitutional muster. Instead, courts determine, on a case-by-case basis, whether an unreasonably low number of sites exist in a given area. The test applied by courts is one of reasonableness and whether a municipality has provided a reasonable opportunity for adult businesses to operate.

A major reason courts invalidate adult business ordinances is because they are unconstitutionally vague. Under this principle, a law which does not fairly inform a person of what is required or prohibited is an unconstitutional violation of due process. An ordinance will also be invalidated for vagueness when it is so

devoid of standards that it invites arbitrary and discriminatory enforcement. Adequate standards level the playing field so that all concerned parties, including the municipal officials responsible for enforcement, the public and the courts, are aware of the law's meaning.

The importance of these issues is reflected in the hundreds of appellate court cases nationwide challenging the constitutionality of state or local regulation of adult businesses. Efforts to regulate adult businesses in Denver are aided by the experiences of other municipalities in defending their ordinances against constitutional challenges. The experiences of other municipalities assist us in understanding how the courts judge adult use ordinances and the nature of the objections adult business operators have to regulation. The legal guidelines outlined in this section should be helpful when considering amendments to Denver's current adult use business ordinance.

**ADULT USE BUSINESSES
OPERATING IN DENVER**
(As shown on the following page)

Adult Cabarets

- #1 Dandy Dan's, 214 S. Federal Boulevard
- #2 Diamond Cabaret, 1222 Glenarm Street
- #3 Paper Tiger, 1196 S. Santa Fe Drive
- #4 PT's, 1601 W. Evans Avenue

Pop Shops

- #5 Centerfold Show Club, 3480 S. Galena Street
- #6 Red Garter, 1447 Stout Street
- #7 Saturdays, 8315 E. Colfax Avenue

Adult Bookstores (with Video Booths)

- #8 Adult Trading Post, 7 S. Federal Boulevard
- #9 Book Mart East, 3309 E. Colfax Avenue
- #10 Colfax News, 8216 E. Colfax Avenue
- #11 Pleasures Books/ Alameda, 3250 W. Alameda Avenue
- #12 Pleasures Books/ South Broadway, 127 S. Broadway

Adult Bookstores (without Video Booths)

- #13 Las Vegas Adult Palace, 550 W. Mississippi Avenue

Adult Bookstores (with Live Entertainment)

- #14 Diamond Lil's Showroom, 1215 20th Street
- #15 Kitty's Bookstore Pleasure Palace, 735 E. Colfax Avenue

Adult Theaters/Bookstores

- #16 Act I,II/Dove Theater/Pleasures Bookstore, 3480 W. Colfax Avenue
- #17 Galaxy Theater, 633 E. Colfax Avenue
- #18 Kitty's Tabor Theater, 3333 W. Alameda Avenue
- #19 The Crypt, 139 Broadway
- #20 Kitty's South, 119 S. Broadway

ADULT BUSINESS LOCATIONS

Cabarets

- ① Dandy Dan's
- ② Diamond Cabaret
- ③ Paper Tiger
- ④ PT's

Pop Shops

- ⑤ Centerfold Show Club
- ⑥ Red Garter
- ⑦ Saturdays

Adult Bookstores (with Video Booths)

- ⑧ Adult Trading Post
- ⑨ Book Mart East
- ⑩ Colfax News
- ⑪ Pleasure's Books
- ⑫ Pleasure

Adult Bookstores (without Video Booths)

- ⑬ Las Vegas Adult Palace

Adult Bookstores (with Live Entertainment)

- ⑭ Diamond Lil's Showroom
- ⑮ Kitty's Bookstore and Pleasure Palace

Theaters/Bookstores

- ⑯ Act I, I, I Dove Theater
- ⑰ Galaxy Theater
- ⑱ Kitty's Tabor Theater
- ⑲ Crypt Theater/Sales
- ⑳ Kitty's South

IV. ADULT BUSINESS ZONING IN DENVER

The Denver Zoning Ordinance, Chapter 59 of the Denver Revised Municipal Code (DRMC), currently regulates adult businesses throughout the city.

In 1976, by Ordinances 691, 692 and 693, the Denver City Council required certain uses, including adult businesses, to be located more than 500 feet from any residential district, any dwelling unit (single or multiple) and any church and/or school, and no more than any two such uses to be located within 1,000 feet of each other. Adult businesses operating at that time were grandfathered in under Section 59-631, DRMC, which regulates all nonconforming uses.

Adult uses-by-right are currently permitted in the B-2, B-3, B-A-3, B-4, B-5, B-7, B-8 and CCN (Cherry Creek North) zone districts. The DRMC authorized the following types of adult businesses to operate in the following zone districts:

Type	B-2	B-3	B-A-3	B-4	B-5	B-7	B-8	CCN
1				X	X	X	X	
2	X	X	X	X	X	X	X	X
3	X	X	X	X	X	X	X	X
4	X	X	X	X	X	X	X	X
5				X				
6	X	X	X	X	X	X	X	X

(Type 1= adult amusement or entertainment; Type 2=eating place with adult entertainment; Type 3=bookstore, adult; Type 4=photo studio, adult; Type 5=sexually oriented commercial enterprise; Type 6=theater, adult)

Business zone districts that do not permit adult uses include: B-1, B-A-1, B-A-2, B-A-4, B-8-A and B-8-G.

In the industrial zone districts, specified adult businesses may be authorized as use exceptions in the I-1 and I-2 zones by the Board of Adjustment for Zoning Appeals pursuant to DRMC section 59-54(3)n. In such cases, the applicant must demonstrate compliance with the criteria established by the ordinance, including the same separations required in the business zone districts.

Because the nature of the adult use industry is constantly changing, new adult businesses do not always fit into the DRMC's adult business definitions. However, the DRMC definition of "sexually oriented commercial enterprise" fills this gap in circumstances where the service offered is intended to provide sexual stimulation or gratification to the customer. Thus, the zoning department is able to enforce the City's separation requirements when concerned with new

adult business concepts such as certain massage parlors and lingerie modeling businesses.

It is noted that there are "health clubs" and "bath houses" currently operating in the city which allow customers to engage in sexual activities on the premises. These businesses are not currently regulated by the adult business zoning provisions of the DRMC, but are subject to the health department regulations. Other adult oriented uses such as "escort services" are not regulated by the zoning provisions because they do not involve activities at a specific property. Escort services are subject to criminal investigation by the police department.

The nonconforming use provisions of DRMC section 59-631, *et seq.*, are applicable to adult businesses. Nonconforming uses are authorized to continue operating in compliance with the limitations set forth in the ordinance. Additionally, nonconforming uses automatically terminate upon the occurrence of any of the events specified in the ordinance including abandonment, violation of the nonconforming use limitations, damage or destruction. Since 1976, several nonconforming adult businesses have been closed for reasons associated with the nonconforming use provisions including: The Bluebird Theater, 3317 E. Colfax Ave.; Kitty's South Theater, 1912 S. Broadway; Matty's Theater, 111 S. Broadway; and Sid King's, 1205 E. Colfax Ave.

Types of Adult Use Businesses in Denver

As of the date of this study, 20 adult businesses are operating under approved use permits throughout the city. Seventeen of these businesses do not meet the city's separation requirements but, because they were established prior to 1976, are allowed to continue operating as legal nonconforming uses. Three new adult use businesses, meeting Denver's separation requirements, have been established since 1992.

The 20 existing adult businesses are split among these zone districts: one in B-3; sixteen in B-4; two in B-5; and one in the B-8-A (formerly B-8).

Of the permitted adult uses by right, only the following three general categories are operating in Denver: bookstore, adult; eating place with adult amusement; and theater, adult.

Every adult bookstore in Denver except one also contains video booths wherein customers can view rented videos. Several establishments operate as a combination of these uses; that is, an adult theater with a bookstore selling and/or renting videos and other adult materials, as well as providing video booths.

Eating Places with Adult Entertainment

In Denver, there are two types of eating places with adult entertainment: cabarets, which serve alcohol, and pop shops, which do not. The cabarets feature topless dancers; the pop shops usually feature dancers who are totally nude. Such establishments generally open in the afternoon and close by 2 a.m. Currently, there are four adult cabarets and three pop shops operating in Denver.

Adult Cabarets

- Dandy Dan's, 214 S. Federal Blvd.
- Diamond Cabaret, 1222 Glenarm St.
- Paper Tiger, 1196 S. Santa Fe Drive.
- PT's, 1601 W. Evans Ave.

Pop Shops

- Centerfold Show Club, 3480 S. Galena St.
- Red Garter, 1447 Stout St.
- Saturdays, 8315 E. Colfax Ave.

Adult Bookstores

Adult bookstores sell pornographic or sexually explicit material in the form of books, magazines or videos. All of these businesses except one (Las Vegas Adult Palace) also feature coin-operated video booths in which sexually explicit movies can be privately viewed. Two of these businesses also offer live entertainment in the form of a "peep show" featuring a nude dancer behind a glass window in a booth. Adult bookstores generally operate 24 hours a day, seven days a week.

Adult Bookstores With Video Booths

- Adult Trading Post, 7 S. Federal Blvd.
- Book Mart East, 3309 E. Colfax Ave.
- Colfax News, 8216 E. Colfax Ave.
- Pleasures Books/ Alameda, 3250 W. Alameda Ave.
- Pleasures Books/South Broadway, 127 S. Broadway.

Adult Bookstores Without Video Booths

- Las Vegas Adult Palace, 550 W. Mississippi Ave.

Adult Bookstores With Live Entertainment

- Diamond Lil's Showroom, 1215 20th St.
- Kitty's Bookstore Pleasure Palace, 735 E. Colfax Ave.

Theaters/Bookstores

Adult theaters present motion pictures showing sexually explicit material. These businesses also generally carry sexually explicit books, magazines and videos. Most theaters/bookstores are open 24 hours a day, seven days a week. Currently, there are five adult theaters/bookstores operating in Denver.

- Act I, II/Dove Theater/Pleasures Bookstore, 3480 W. Colfax Ave.
- Galaxy Theater, 633 E. Colfax Ave.
- Kitty's Tabor Theater, 3333 W. Alameda Ave.
- The Crypt, 139 Broadway.
- Kitty's South, 119 S. Broadway

In 1995, Ordinance 874 modified the definitions of "bookstore" and "bookstore, adult," and added specific limitations to "bookstore" in the use-by-right provisions of each code section allowing bookstores as a permitted use. In short, these changes allowed non-adult bookstores to sell or rent a limited amount of adult materials, but required that all such materials be segregated into a separate section of the bookstore and screened from public view, except to persons 18 years of age or over.

Land Area Available for Adult Uses

Official Denver zoning maps scaled at 1"/1000' and 1"/200' have been marked and used to demonstrate zone districts that permit adult uses. These maps graphically indicate areas within and outside of 500 feet from residential zones, districts that would allow adult businesses if the required separation from churches, schools and individual dwellings could be met. In mixed-use and dense areas, such as the B-5 and B-7 central business districts, the 1"/200' maps were used to indicate known dwellings, churches and schools with the 500-foot separation drawn in.

Adult uses-by-right are permitted only in the zone districts specified above and in a very limited number of PUD districts. The area available for adult uses in these districts has been calculated as accurately as possible from the scaled zone maps and PUD files.

The total land area in Denver zoned B-2, B-3, B-A-3, B-4, B-5, B-7, B-8 and CCN is 4,347 acres, as calculated from figures provided by the Denver Planning Office.

**Land Area of Business Zone Districts
Permitting Adult Uses**

Zone District	Total Area Sq. Ft.	Sq. Ft./Acre	Total Acres
B-2	27353675	43560	627.95
B-3	47200209	43560	1083.57
B-4	72420000	43560	1662.53
B-5	11373536	43560	261.10
B-7	2938551	43560	67.46
B-8	24176140	43560	555.01
B-A-3	1900125	43560	43.62
CCN	1999790	43560	45.91
Total			4347.15

Applying the separation requirements, the land area of business zone districts permitting adult uses is 564.79 acres. Adding in the land area of PUDs permitting adult uses (31.95 acres), *the total land area in Denver available for adult uses, rounded off, is 597 acres.*

Number of Sites Available for Adult Businesses

The referenced maps also were used to determine the approximate number of actual sites still available for new adult businesses. The existing code allows no more than two such uses to be located within 1,000 feet of each other. This diameter was applied to available districts on the maps, and a minimum of two sites was assigned to available district areas. For larger available areas, the 1,000-foot limitation was used to calculate approximately how many sites could be permitted in the given area. Areas also were checked for existing schools, churches or dwelling units.

It was determined that at least 67 business-zoned sites are available in addition to the 20 existing adult use businesses, and that two of the existing businesses are so located that an additional business could be established near each of those locations. Therefore, *a minimum of 89 sites in business districts are available for adult uses.*

Properties in industrial districts are eligible for an exception as an adult use when located in a structure erected before November 1956. Industrial districts

meeting this condition and separation requirements were also studied. At least 25 industrial sites are thus available subject to Board of Adjustment approval.

Adult Use Definitions

The following definitions are contained in Section 59-2 of the Revised Municipal Code:

Adult amusement or entertainment: Amusement or entertainment which is distinguished or characterized by an emphasis on material depicting, describing or related to "specific sexual activities" or "specified anatomical areas" or which features strippers or dancers, or similar entertainment by people who expose any specified anatomical area; provided, however, that live entertainment involving any specified sexual activity is prohibited.

Bookstore: A retail establishment which, as its primary business, engages in the sale, rental or other charge-for-use of books, magazines, newspapers, greeting cards, postcards, videotapes, computer software, and/or any other printed or electronically conveyed information or media, excluding any "adult bookstore," "adult theater," "theater" or "studio theater."

Bookstore, adult: An establishment having as a substantial or significant portion of its stock in trade books, magazines and other periodicals and goods and items, including videotapes and computer software, held for sale or rental which are distinguished or characterized by their emphasis on matters depicting, describing or relating to "specified sexual activities" or "specified anatomical areas" ("adult materials"). An establishment which utilizes in excess of ten (10) percent of its gross floor area or its occupied shelf space for the display of adult materials or which has more than ten (10) percent of its total monthly receipts derived from the sale or rental of adult materials shall be regarded as an "adult bookstore."

Photo studio, adult: An establishment which, upon payment of a fee, provides photographic equipment and/or models for the purpose of photographing "specified anatomical areas."

Sexually oriented commercial enterprise: A massage parlor, nude studio, love parlor, encounter parlor or any other similar commercial enterprise whose major business is the offering of a service which is intended to provide sexual stimulation or sexual gratification to the customer, but not including: (a) a business licensed to sell alcoholic beverages, any bookstore or theater; (b) a business operated by or employing licensed psychologists, licensed physical therapists, licensed cosmetologists or licensed barbers performing functions

authorized under the license held; (c) a business operated by or employing licensed physicians or chiropractors engaged in the healing arts.

Specified anatomical area shall include:

- Less than completely and opaquely covered: (1) human genitals and/or pubic region; (2) the area of the buttock which is located around the lower backbone between straight lines drawn from the outermost point of the pelvis on the side of the body to the ischial tuberosity; (3) the area of the female breast described as follows: the areola and the lower quadrant of each breast as defined by two lines which crisscross the breast and intersect at right angles at the areola. Such lines also intersect at a forty-five-degree angle the vertical axis of the body as represented by the backbone when viewed from the front of the body.
- Human male genitals in a discernibly turgid state, even if completely or opaquely covered.

Specified sexual activities shall include:

- Human genitals in a state of sexual stimulation or arousal
- Acts of human masturbation, sexual intercourse, oral or anal sex, or sodomy
- Fondling or other erotic touching of human genitals, pubic region, buttocks or female breast.

Theater, adult: A theater used for the presentation of material distinguished or characterized by an emphasis on material depicting, describing or relating to "specified sexual activities" or "specified anatomical areas" for observation by patrons therein.

Business Name	Address	Street	Zone	NCU	Type	Notes
Act I, II, Dove, Pleasures Bks	3480	W Colfax Ave	B-4	Yes	Adult Theater/Bookstore	3 Theaters/bkstore/vidbooths
Adult Trading Post	7	S Federal Bv	B-4	Yes	Adult Bookstore	with video booths
Book Mart East	3309	E Colfax Ave	B-4	Yes	Adult Bookstore	with video booths
Centerfold Show Club	3480	S Galena St	B-3	No	Eating Place/Adult Amusement	Established 1996
Colfax News	8216	E Colfax Ave	B-4	Yes	Adult Bookstore	with video booths
Crypt Theater/bookstore	139	Broadway	B-4	Yes	Adult Theater/Bookstore	with video booths
Dandy Dan's	214	S Federal Bv	B-4	Yes	Eating Place/Adult Amusement	
Diamond Cabaret	1222	Glenarm Pl	B-5	No	Eating Place/Adult Amusement	Established 1992
Diamond Lil's Showroom	1215	20th St	B-8-A	Yes	Adult Bookstore/Amusement	with video & rap booths
Galaxy Theater	633	E Colfax Ave	B-4	Yes	Adult Theater/Bookstore	with video booths
Kitty's Bkstr/Pleasure Palace	735	E Colfax Ave	B-4	Yes	Adult Bookstore/Amusement	with video booths
Kitty's South	119	S Broadway	B-4	Yes	Adult Theater/Bookstore	with video booths
Kitty's Tabor Theater	3333	W Alameda Ave	B-4	Yes	Adult Theater/Bookstore	with video booths
Las Vegas Adult Palace	550	W Mississippi Ave	B-4	No	Adult Bookstore	Established 1996
Paper Tiger	1196	S Santa Fe Dr	B-4	Yes	Eating Place/Adult Amusement	
Pleasures Books	127	S Broadway	B-4	Yes	Adult Books/Video Booths	
Pleasures Books	3250	W Alameda Ave	B-4	Yes	Adult Books/Video Booths	
PT's	1601	W Evans Ave	B-4	Yes	Eating Place/Adult Amusement	
Red Garter	1447	Stout St	B-5	Yes	Eating Place/Adult Amusement	
Saturdays	8315	E Colfax Ave	B-4	Yes	Eating Place/Adult Amusement	

V. LICENSING OF ADULT USES

The Department of Excise and Licenses is responsible for licensing adult entertainment businesses either as amusements or as cabarets.

Amusement licenses are governed by DRMCODE Sections 7-1 through 7-320, which establishes 16 classes of amusements. There is not a specific provision relating to adult entertainment, but over the years, the department has generally issued Amusement Class 16 licenses to businesses and individuals providing live entertainment, Amusement Class 15 licenses to businesses that have picture show devices, and Amusement Class 6 licenses to locations that show movies.

If the adult entertainment business intends to sell alcohol, the owner must obtain an adult cabaret license, in addition to a liquor license. Cabaret licenses are governed by the provisions of Denver Revised Municipal Code Sections 6-1 through 6-96.

Both amusement and cabaret licenses can be suspended, revoked or not renewed by the excise and licenses department after notice to the applicant of the allegations forming the basis of any complaint, followed by a hearing. The cabaret provisions are more detailed and inclusive regarding the grounds for suspension, revocation or non-renewal. The department director has the authority to put conditions on a cabaret license, but not on an amusement license. A cabaret license may be denied based on the applicant's criminal record, but an amusement license may not be denied for this reason.

Most adult use businesses in Denver have had their licenses suspended on one or more occasions for criminal violations by patrons or employees (or, in some cases, for licensing violations short of criminal behavior). The overwhelming majority of such violations involved public indecency, including masturbation, fondling and deviate sexual intercourse.

In addition, many adult businesses have had warnings or order-ins issued by the police or by the department of excise and licenses for similar offenses.

Among the four groups of licensed adult use businesses, Amusement Class 15 licensees, which offer adult books and material and adult picture show devices, do not seem to generate the same amount of violations as those businesses with live entertainment or movies.

Current Licenses

- Four licensed adult cabarets: Dandy Dan's, Diamond Cabaret, Paper Tiger and P.T.'s.
- Eight Amusement Class 16 licenses for adult uses: Pleasures Books/ Alameda, Centerfold Show Club, Dandy Dan's, Kitty's Pleasure Palace, Kitty's South, Pleasures Books/South Broadway, Red Garter and Saturday's.
- Six Amusement Class 15 licenses for adult uses: Adult Trading Post, Book Mart East, Colfax News, The Crypt Cinema, Diamond Lil's Showroom and Galaxy Theater.
- Four Amusement Class 6 licenses for adult uses: Act I and II, The Crypt Cinema, Galaxy Theater and Kitty's Tabor Theater.

The Las Vegas Palace sells lingerie, magazines and paraphernalia, and sells and rents movies. These activities do not require licensing.

Licensing Violations

The following data is based on a review of department records and does not reflect all police contacts, arrests or citations at the various locations.

Adult Cabaret Licenses

- *Dandy Dan's*: From 1971 to 1990, four suspensions for employees soliciting drinks, one for underage employees, one for serving minors, one for employees mingling with patrons, one for assault, one for not displaying a liquor license and one for food violations. There also were police warnings or order-ins for no valid tax license, assault, service to an intoxicated person, underage dancer and minor in bar, inappropriate behavior by a dancer and entertainment before noon.
- *Diamond Cabaret*: No violations in excise and licenses files.
- *Paper Tiger*: From 1974 to 1996, one suspension for each of the following: sale to an intoxicated person, indecent conduct, underage dancer, fondling and soliciting for prostitution. There also were two suspensions for solicitation of alcohol by employees. Police order-ins were issued for two instances of indecent exposure, two of minors in the bar, two of drinking after hours, one

for underage dancers, two for unknown reasons and one for failure to notify the city of changes in ownership.

- *P.T.'s*: From 1975 to 1997, there were five suspensions of license for inappropriate behavior by dancers (lewd displays, touching patrons in suggestive ways, simulating sexual activity); one of these suspensions was also for assault. Police reports include two instances of underage drinkers, one of drinking after hours, four instances of inappropriate costumes or behavior by dancers and one food violation. (These incidents generally were handled by issuing citations to those involved and by order-ins for the owners.) There also were records of questions being raised in the past about the bar's ownership.

Amusement Class 16 Licenses

- *Pleasures Bookstore/Alameda*: Several individuals cited for public indecency in 1988 and 1989. Disposition not noted.
- *Centerfold Show Club*: No violations in excise and licenses files.
- *Kitty's Pleasure Palace*: Two individuals cited in 1982 for public indecency.
- *Kitty's South*: Two individuals cited in 1991 and 1992 for public indecency
- *Pleasures/South Broadway*: License suspended for 60 days in July 1989 for 35 incidents of public indecency in 1988-89.
- *Red Garter*: A 1988 order-in for employing persons wanted on warrants.
- *Saturdays*: One suspension in 1997 for solicitation of prostitution.
- *Las Vegas Palace*: During the period when Las Vegas Palace was licensed, there were no violations noted in the files.

Amusement Class 15 Licenses

- *Adult Trading Post, Book Mart East, Colfax News, Diamond Lil's Showroom*: No violations noted in excise and license files.

Amusement Class 6 Licenses

- *Act I, II*: License suspended for 30 days in 1989 because of 58 incidents of public indecency in 1988 and 1989.

- *The Crypt Cinema (formerly the Empress Theater)*: No violations since 1992, when this business changed owners and was renamed the Crypt. While it was the Empress, the license was suspended in 1989 for 32 incidents of public indecency in 1988 and 1989. The license was revoked in 1985 for 127 incidents involving citations for public indecency, deviate sexual intercourse, resisting arrest and drug possession.
- *Galaxy Theater*: License suspended in 1986 for 22 incidents of public indecency. The file also notes 24 incidents of public indecency in 1988 and a 1992 order-in for public indecency.
- *Kitty's Tabor Theater*: File notes a 1989 incident involving the theater manager's interference with police.
- *Matty's Theater*: Amusement license was revoked in 1985 as a result of 65 cases of public indecency.

VI. SECONDARY IMPACTS ON NEIGHBORHOODS

The portion of this study conducted by the Denver Office of Planning and Development included the following: (1) a survey of neighborhood residents and business owners, (2) focus group meetings and interviews with representatives of registered neighborhood organizations, (3) site inspections of adult use businesses and (4) interviews with Denver Police Department vice/drug control officers and (5) a review of reports by the Denver Police Department's vice/drug control unit.

Survey of Neighborhood Residents and Business Owners

Methodology

Face-to-face interviews were conducted between July, 1997 and September, 1997 with a total of 82 people -- 39 residents and 43 business owners -- living or working within a one-block radius of adult businesses in seven areas:

- East Colfax Avenue between Washington and Emerson (Kitty's, Galaxy)
- East Colfax Avenue between Ulster and Verbena (Saturdays, Colfax News)
- West Colfax Avenue between Julian and King (Acts I,II/Dove)
- East Alameda Avenue between Hooker and King (Kitty's Tabor, Pleasures)
- South Broadway between Ellsworth and Alameda (Dandy Dan's, Adult Trading Post)
- East Hampden Avenue between Galena and Havana (Centerfold)

Fifty-six percent of the residents surveyed, and 79% of the business owners, had lived or worked in the neighborhood for at least three years. Of the residents surveyed, 56% were renters and 44% were homeowners. The business owners represented a broad cross-section of commercial businesses, the largest category being restaurants.

The survey questions focused on the following issues:

- Whether adult businesses have had a negative impact on the adjacent neighborhood, and the extent to which such impacts affect the everyday life of those who live and work in the neighborhood

- The kind of activity and behavior neighborhood residents and business owners have observed in the vicinity of adult businesses
- The kind of steps people who live or work in the neighborhood have taken to cope with the negative impacts of adult businesses
- The extent to which the presence of adult businesses have caused residents and business owners to consider moving out of the neighborhood
- How the negative secondary impacts caused by adult businesses differ by type of business -- cabaret, pop shop, bookstore, theater.

The analysis of the data consisted of (1) frequency distributions (how many people responded to what question and in what manner), (2) a comparison of raw numbers with anecdotal testimony and (3) the identification of significant patterns in the information collected.

Findings

The study found that people who live or own businesses near adult businesses -- particularly pop shops, adult cabarets and theaters -- feel their presence in the neighborhood lowers property values, generates crime and contributes to an overall decrease in quality of life.

While all of the adult businesses in the study areas have had a negative impact on adjacent residential areas, those having the greatest impact are adult theaters/bookstores, which generally operate 24 hours a day, seven days a week. The intense level of activity generated by adult cabarets and pop shops has also had a negative impact on adjacent neighborhoods.

In general, a greater percentage of residents than business owners have experienced negative secondary impacts from adult businesses. This is probably due to the fact that most of the neighborhood businesses are open only during the day, while residents are in the neighborhood day and night. Enough of the local businesses, however, are experiencing impacts to warrant concern.

Among the specific findings:

Overall Impact on Neighborhood

Of the residents surveyed, 69% felt that adult businesses have a negative overall effect on their neighborhood. The most frequently mentioned impacts were

neighborhood appearance (72%), litter (64%), traffic (61%) and decreased property values (61%).

A negative perception of the overall impact caused by adult businesses was less prevalent among neighborhood business owners, 56% of whom said the presence of adult businesses in the neighborhood had no effect on their daily activities. The most frequently mentioned impacts were neighborhood appearance (42%), decreased property values (46%) and litter (37%).

Specific Activities and Impacts Observed by Neighbors

Activities observed by those living near adult businesses included littering (cited by 54% of residents surveyed), trespassing (46%) and drinking alcohol in public (44%). Litter generated by customers of such businesses includes printed material containing pornography, used condoms, sex paraphernalia and used syringes. Residents also mentioned having seen people urinating, masturbating and soliciting for prostitution in areas adjacent to adult use businesses.

Of the activities observed by neighborhood business owners, the most frequently mentioned were littering, harassment of pedestrians and fighting.

Actions Taken by Neighborhood Residents and Business Owners in Response to Negative Impacts Caused by Adult Businesses

Some survey respondents said the negative impact of adult businesses on their neighborhood has forced them to take action or seek municipal assistance, including restricting parking in front of their homes (mentioned by 31% of residents surveyed), calling the police (28%) and installing new lighting (23%).

Business owners mentioned calling the police (21% of respondents), restructuring business hours (12%) and installing better locks or hiring security guards (9%).

Effect on Plans to Move or Expand

The effect of adult businesses on the attrition of neighborhood residents and businesses appears to be minimal. Of the residents surveyed, 23% said they have considered moving out of the area because of the impact of adult businesses. Many people said they have decided against moving because they have lived in the neighborhood for a long period of time.

As for neighborhood business owners, just 14% said they have considered moving out of the area because of the impact of adult businesses. Sixty-seven

percent said, however, they would not consider expanding in their current location.

Impact of Adult Uses, by Type of Business

- Adult bookstores with live amusement. Among people who live or work near adult bookstores featuring live amusement, 75% of residents and 67% of business owners felt that such establishments had a negative overall impact on the neighborhood. The most frequently cited complaints were drug dealing, trash, and prostitution and other illicit sexual activity in parking lots and nearby alleys.
- Adult theaters. Among people who live or work near adult theaters, 80% of residents and 41% of businesses owners felt that such establishments had a negative overall impact on the neighborhood. Complaints included prostitution, drug dealing, litter and the parking of patrons' cars on neighborhood streets.
- Adult cabarets and pop shops. Among people who live or work near adult cabarets or pop shops, 78% of residents and 47% of business owners felt that such establishments had a negative overall impact on the neighborhood. The most frequently cited complaints were litter and trash containing pornographic material.

Focus Group Meetings/Interviews With Representatives of Registered Neighborhood Organizations

Two focus group meetings were held in May, 1997 to allow representatives of registered neighborhood organizations to discuss the impact of adult use businesses on their neighborhoods.

Organizations represented at these meetings included the Barnum Improvement Council, Colfax on the Hill Association, Capitol Hill United Neighborhoods, East Montclair Neighborhood Association, Westwood Community Association, Athmar Park Neighborhood Association and Godsman Neighborhood Association. A separate set of phone interviews were conducted with representatives of organizations and other interested parties who were unable to attend the focus group meeting.

Following is a sampling of comments made during these focus group meetings and interviews:

- *Ray Krupa, Barnum Improvement Council:* Late-night activity at Kitty's Tabor creates parking and loitering problems, particularly on weekends. The alleys behind Kitty's Tabor are filled with weeds, graffiti and trash, which are slow to be cleaned up. When we approach Kitty's about problems, they respond by saying, "We are only tenants; talk to the landlord." Other businesses are more responsive about cleaning graffiti and maintaining their properties.
- *Dave Walstrom, Colfax on the Hill Association:* We should have three times the amount of retail sales on Colfax Avenue as we have now. Adult businesses contribute to a perception of Colfax as that of a trashy and dangerous place. The cast of characters that hang out and drink in front of Kitty's affects neighbors; it's not a healthy environment. Businesses thinking about moving into the neighborhood witness the behavior and go elsewhere. During Community Cleanup Day, we found needles and condoms in the alley.
- *Buzz Geller, Capitol Hill United Neighborhoods:* Adult businesses have taken over the neighborhood. Marquee signs carry explicit messages on them. Prostitution regularly occurs along the street. Home values and rental rates have decreased in the area. People don't go shopping around here or move businesses into the area. Structures remain vacant for five to ten years before someone moves in. Businesses refuse to locate here. Boston Market considered Colfax and Pearl as a location until they saw the area. The Brick Oven Beanery closed because the owner got worn out fighting the environment. Since the Bluebird Theater closed as an adult business and reopened as a legitimate theater, adjacent home values have doubled.
- *Tom Knorr, Capitol Hill United Neighborhoods:* I have been propositioned several times by women coming from the direction of businesses. People go back and forth between businesses and bars. Adult businesses attract supporting businesses such as leather shops and body piercing and tattoo studios.
- *Bob Braun, Godsman Neighborhood Association:* The Las Vegas Adult Palace generates traffic safety problems at the intersection of Mississippi and Platte River Drive. Pornographic materials have been found in the parking lot. One day, two women were advertising that there were live naked women inside.
- *Members of the East Montclair Neighborhood Association:* Adult businesses make the neighborhood feel unsafe. Patrons of Saturdays loiter in the alleys and have sex in the alleys. Overflow parking causes problems. Trash and litter (from Saturdays and Colfax News) blows into neighborhood yards. People don't want to live near the adult businesses. Buildings near Saturdays have become vacant.

- *Margie Grimsley, Sloan's Lake Citizens Group:* Act I, II is located one block from Cheltenham Elementary School. Adult business customers were following children's mothers to their houses when they were walking their children to and from school. Although the owner of Act I, II has worked with our group and the West Colfax Partnership on this issue, there are still concerns about the location of this adult business next to an elementary school.
- *Nancy Russell, Denver Herald-Dispatch:* The newspaper, which covers local issues in southwest Denver, is located near Dandy Dan's. Newspaper staff have observed the activities at Dandy Dan's and the Adult Trading Post, including public intoxication, vehicle break-ins in the parking lot, and neighborhood girls being harassed by the patrons of Dandy Dan's. Both Dandy Dan's and Pleasures on Alameda have had very crude messages on their marquee signs to attract business, but have recently toned down the messages.
- *Lisa Dobson, College View Neighborhood Association:* Neighbors have complained about trash and debris that blows into their yards from PT's. People also complain about screeching tires, noise, fighting and overflow parking in the neighborhood. PT's used to have a private security guard to keep things in line; now that they no longer do, fights and illegal activity have gone way up.
- *Frank Gonzales, 260 S. Julian St.:* Has lived there for 37 years. His house is across the alley from Kitty's Tabor. Has to be constantly on guard to protect his grandchildren and other family members from coming into contact with debris generated by Kitty's customers such as used condoms, used syringes and pornographic material in the alley and in his backyard. Customers use Kitty's parking lot to drink and urinate. Feels his property values have been hurt because nobody wants to live next to Kitty's.
- *Jan Marie Belle, Southwest Improvement Council:* Advertisements for movies at Kitty's Tabor are lewd and offensive. Graffiti is a problem and owners of Kitty's Tabor do not make an effort to clean it up. The parking lot and exterior of the building are in need of repair and landscaping. Adult businesses shouldn't be located in a residential area where children might be exposed to pornography.

Site Inspection of Adult Businesses

The criteria established by reviewing impact studies from other municipalities (along with other potential impacts identified by the Adult Businesses Study Team) were used to develop a field survey form. The Department of Planning

and Community Development used this form to evaluate the physical appearance of adult businesses and their impact on adjacent properties. Several visits were made to each of the sites.

In some cases, there were few, if any, discernible impacts caused by the adult business on adjacent properties. In other cases, the impacts were more noticeable. For example:

- *Dandy Dan's*: There are many vacant and/or deteriorating buildings around Dandy Dan's. Various types of litter such as beer bottles, food wrappers and newspapers were found in the alley, although litter in front of the building was minimal. Dandy Dan's generates significant parking spillover problems. Although the parking lot is large, patrons still park in the adjacent neighborhood east of Federal Boulevard. This causes other impacts, such as increased traffic, litter and noise in the neighborhood at closing time.
- *Diamond Lil's Showroom*: Negative impacts include deteriorating and vacant structures surrounding this business; deteriorating sidewalks and parking lots; and litter, including beer bottles, food wrappers, newspapers and adult material.
- *Paper Tiger*: The parking lot is in poor condition. Trash, including adult material, was found in the alley behind the building. Surrounding buildings are in poor condition.
- *PT's*: Negative impacts include deteriorating sidewalks and parking lots and vacant structures near the business. A vacant lot adjacent to PT's collects trash, including papers containing adult material.
- *Saturdays*: Parking that spills over into the neighborhood is a major impact. Noise is also an issue, particularly late at night when patrons are leaving the business. There are also a number of vacant and/or deteriorating structures in the area surrounding Saturdays.
- *Kitty's Tabor Theater and Pleasures Books/Alameda*: The major impacts observed in the area surrounding these adult businesses included deterioration of the exterior of Kitty's Tabor and deterioration of sidewalks and parking lots. Trash, including adult material, was found in the parking lots, alleys and adjacent yards.
- *Act I, II/Dove Theater*: The exterior of the building and the sidewalks show minor deterioration. In the adjacent neighborhood, there was trash containing adult material found in the yard of one of the houses. Other trash,

such as food wrappers, beer bottles and newspapers, was also found scattered throughout the neighborhood.

- *Kitty's Bookstore/Pleasure Palace and Galaxy Theater*: Some of the negative impacts in this area include deteriorating structures, sidewalks and parking lots; vacant structures; and trash in nearby yards, including beer bottles, food wrappers, newspapers and paper containing adult material.
- *The Crypt and Kitty's South*: Kitty's South shows signs of deterioration on the north side of the building, with rotting mortar and loosened bricks. A significant amount of trash, including adult material, was found in the immediate vicinity, including streets, alleys and parking lots.

Review of Police Department Vice Reports

The vice detail of the Denver Police Department is responsible for investigations of liquor code violations, prostitution and acts of public indecency, including those occurring in adult businesses.

Over the past several years, the vice detail has made arrests, primarily for public indecency, at all of the adult bookstores and theater/bookstores in Denver.

Following is a brief summary of several major investigations conducted by the vice detail at adult use businesses.

- *Act I, II/Dove Theater*. In 1994, the vice detail began investigating activities at this establishment, and made numerous arrests for public indecency. The acts observed by police detectives included patrons masturbating openly in their seats and while standing in the aisles, fondling each other and giving and receiving fellatio.
- *Pleasures Bookstore (South Broadway)*. In August, 1994 it was discovered that this establishment was operating with an expired license. The owner later met with a detective from the vice detail to discuss options for reducing the number of sexual encounters occurring inside the bookstore. The owner agreed to cover up the "glory holes" and install surveillance cameras outside the building in the parking lot. Shortly after, it was discovered that the patches on the glory holes had been removed. The business was also investigated for possibly interfering with police when inspections were made, including warning patrons that police were coming onto the premises.

- *Paper Tiger*. In 1995, the Paper Tiger was the subject of a narcotics investigation. A dancer and another employee were selling methamphetamine to customers. These individuals sold methamphetamine to undercover detectives on nine different occasions, including once in front of the establishment's owners. Four people, including dancers employed at the Paper Tiger, were later arrested.

Public Health Impacts

Hypodermic needles and syringes have the potential to transmit infectious diseases. After needles and syringes are used, there is often residual blood or serum left on them. Even a small amount of blood or serum, whether moist or dry, can cause an infection in another person. There is the potential for the transmission of infectious agents such as Hepatitis B, Hepatitis C, or HIV if someone was to stick themselves with an infected needle.

VII. INCIDENCE OF CRIME

Methodology

To assess the impact of adult businesses on neighboring properties, three categories of data from 1995 and 1996 -- calls for service, reported offenses and arrests -- were collected for 15 areas surrounding such businesses.

The data was mapped using three-dimensional histograms, with the height of the bars representing the cumulative frequency of criminal activity by location. The mapping process clearly identified locations with the most crime within a one-block radius surrounding each adult business. The locations were rank-ordered from high to low according to the incidence of crime. Study areas were established by aggregating the statistics from the most active locations within the one-block areas with the data for each existing adult business.

The number of calls for service, reported offenses and arrests in the study areas -- both collectively and by type of business (theater, cabaret, bookstore, pop shop) - were then compared with citywide figures.

Findings/Adult Use Study Areas

Calls for Service

Calls for service are demands for police response initiated by citizen complaints, generally regarding allegations of unlawful acts. They also can be initiated by police officers during routine patrol when they encounter a crime in progress.

The study showed that the percentage of calls for police service linked to disturbance, prowler and sex-related crimes was roughly the same in the areas surrounding adult businesses as for the city as a whole. However, the incidence of such calls at the individual adult businesses, exclusive of surrounding areas, was proportionately higher than citywide averages. For example:

- Disturbance complaints accounted for 4.4% of the study areas' demand for police service, compared with 5% citywide. However, the percentage of disturbance complaints at the individual adult businesses was considerably higher -- 9.3%.
- The proportion of prowler complaints to the total demand for service in the study areas and citywide were almost identical -- 4.2% and 4%, respectively.

However, the percentage of prowler calls at the individual adult businesses was significantly higher (14.2%).

- Fights accounted for 2.9% of the calls for service in the study areas, compared with 2.1% citywide, but made up 6.3% of the calls for service at the individual adult businesses.
- Complaints for sex-related crimes (rape, indecent exposure, molestation) accounted for 0.3% of the calls for service in the study areas, compared with 0.5% citywide. However, the figure was higher -- 0.9% -- at the individual adult businesses, exclusive of the surrounding areas.
- Vice and narcotics complaints made up 1.2% of the calls for service in the study areas, vs. 0.8% citywide.

Reported Offenses

Uniform crime reporting (UCR) standards were used to group reported offenses into three categories: (1) Part I Crimes Against Persons: criminal homicide, rape, robbery and aggravated assault; (2) Part I Property Crimes: burglary, larceny, theft from motor vehicle, auto theft and arson; and (3) Part II Selected Crimes: other assaults, criminal mischief, weapon violations, other sex offenses (excluding rape), drug-related offenses and disorderly conduct.

The study showed a proportionately higher incidence of robbery, larceny, theft from motor vehicle and drug-related crimes in the areas surrounding adult businesses than in the city as a whole.

Among the specific findings:

- Part I Crimes Against Persons accounted for 12.1% of all reported offenses in the study areas, compared with 7.8% citywide. The greatest difference was in robberies, which accounted for 6.2% of the crimes reported in the study areas, compared with 2.7% citywide.
- Part I Property Crimes constituted 57.1% of reported offenses in the study areas, vs. 62.8% citywide. However, the percentage of both larceny and theft from motor vehicle was higher in the study areas (44%) than in the city as a whole (36%).
- The proportion of Part II Selected Crimes to the total number of reported offenses was roughly the same for the study areas (26.3%) as for the city as a

whole (26.7%). However, there was a significant difference in the percentage of drug-related crimes – 10.7% in the study areas, vs. 4.5% citywide.

Arrests

Although the exact location of where a crime was committed is available on offense reports, this is not the case for arrests. Where an arrest was made, and not where the crime was committed, is captured in the arrest database. Nevertheless, there are certain types of arrests that are typically made at the same place where the crime occurred. This analysis therefore focused on those types of arrests: disturbing the peace, drinking in public/vehicle, drug-related violations, indecent exposure, loitering, prostitution, public indecency and urinating in public.

The study showed a proportionately higher incidence of arrests for drinking in public/vehicle, public indecency, urinating in public, drug-related violations and loitering than in the city as a whole. Specifically:

- The number of arrests for the above-listed violations accounted for 45.6% of all arrests made in the study areas, compared to 28.2% of arrests citywide. The most significant difference was in arrests for drinking in public/vehicle, which made up 11.3% of arrests in the study areas, vs. 5.3% citywide.
- Public indecency made up 4.8% of arrests in the study areas, as opposed to 0.4% citywide. The data also showed that public indecency violations accounted for 42.3% of arrests made at the individual adult use businesses, excluding the surrounding areas.
- Urinating in public accounted for 3.7% of arrests in the study areas, compared with 0.8% citywide.
- Drug-related violations constituted 11.6% of arrests in the study areas, compared to 9.7% citywide. Drug-related arrests include felony and misdemeanor arrests for the sale or possession of drugs and drug paraphernalia, including injection devices.
- Loitering accounted for 5% of all arrests made in the study areas, vs. 2% citywide.

Findings/Types of Adult Uses

To assess the relative impact of various kinds of adult businesses, the number of calls for service, reported offenses and arrests in the study areas, *by type of adult business*, were compared with citywide averages.

The businesses were categorized into four study area groups:

(1) Eating Place/ Adult Amusement /with Liquor [Adult Cabarets]:

Dandy Dan's
Diamond Caberet
Paper Tiger
PT's;

(2) Eating Place/ Adult Amusement/without Liquor [Pop Shops]:

Centerfold
Saturday's
Red Garter;

(3) Adult Theaters/ with Video or Rap Booths:

ActI, II, Dove Theaters
Kitty's Tabor Theater
Galaxy Theater
Kitty's South
Kitty's Bookstore/Pleasure Palace;

(4) Adult Bookstores:

Adult Trading Post
Bookmart East
Colfax News
Diamond Lil's
Las Vegas Adult Palace
Pleasures (Broadway)
Pleasures (Alameda)
Pleasures (W. Colfax @ Act I).

Calls for Service

The study showed that the percentage of police calls for service linked to assaults, disturbance, fighting, prowler complaints and public drunkenness was significantly higher for the adult theater study area group than for the other three groups. Among the findings:

- Fights accounted for 3.1% of the calls for service in the theater study areas, 2.7% in the cabaret study areas and 2.6% in the pop shop study areas, compared with 2.1% for the city as a whole.
- Prowler complaints accounted for 4.8% of calls for service in the theater study areas, compared with 4% citywide.
- Vice and narcotics complaints accounted for a greater proportion of calls for service in the pop shop, theater and bookstore study areas – 1.6%, 1.2% and 1.2%, respectively – than in the city as a whole (0.8%).

Reported Offenses

The most significant difference in the proportion of offenses in the study area groups vs. the city as a whole was in drug-related crimes. Among the findings:

- Drug violations accounted for 19.6% of crimes reported in the bookstore study areas, 15.7% in the pop shop study areas and 13.2% in the theater study areas, vs. 4.5% of crimes reported citywide.
- Robberies accounted for a greater percentage of crime in the four study area groups than in the city as a whole. Theaters had the highest percentage, 9.1%, followed by bookstores, 8.4%. This compared to 2.7% citywide.
- Larcenies accounted for 31.6% of crimes in the cabaret study areas and 22.2% of crimes reported in the pop shop study areas, compared with 18.6% for the city as a whole.

Arrests

The study showed a proportionately higher percentage of arrests for drinking in public/vehicle, public indecency and urinating in public in the theaters study area groups than in both the city as a whole and in the other study area groups. Among the findings:

- Disturbing the peace accounted for 15.2% of the arrests made in the cabaret study areas, vs. 6.9% of arrests citywide.
- Drinking in public/vehicle constituted 17.6% of the arrests made in the theater study areas, compared to 5.3% of arrests citywide.
- Loitering accounted for 6.8% of the arrests made in the pop shop study areas, 6.2% in the bookstore study areas and 5.1% in the theater study areas, vs. 2% of arrests citywide.
- Prostitution accounted for 4% of the arrests made in the pop shop study areas, 3.8% in the bookstore study areas and 2.1% in the theater study areas. This compared to 1.2% of arrests citywide.
- Public indecency accounted for 7.1% of arrests made in the theater study area groups, compared with 0.4% of arrests citywide. It should be noted that public indecency accounted for more than 60% of arrests made at individual theaters and bookstores, excluding surrounding areas.
- The percentage of arrests for urinating in public was 5.5% in the theater study areas, vs. 1.2% of arrests citywide.

Conclusion

The incidence of certain kinds of crimes was proportionately higher in the adult businesses study areas – and even higher at many of the individual adult business locations – than in the city as a whole. These crimes include disturbing the peace, public indecency, prostitution, drug-related violations, loitering, robbery, larceny, theft from motor vehicle, drinking in public/vehicle and urinating in public

In addition, the percentage of certain kinds of criminal activity – prowler and disturbance complaints, public drunkenness, drug-related crimes and public indecency – was higher in the areas surrounding adult theaters and bookstores than in areas surrounding other types of adult use businesses.

**Number of Dispatched Calls for Service,
in Selected Categories,
in Areas Surrounding Adult Use Businesses
1995 and 1996**

TYPE OF CALL	BOOKSTORES	CABARETS	POP SHOPS	THEATERS
Assault	82	22	97	238
Crim Mischief	31	28	34	62
Disturbance	199	44	228	405
Drunk/DUI	74	97	87	360
Fight	109	41	117	298
Harass/Threat	26	9	44	129
Prowler	169	44	164	400
Noise	43	12	141	44
Vice/Narcotics	71	4	80	112
Robbery	12	3	14	52
Shooting	30	17	30	44
Stabbing	7	2	3	15
Theft/Larceny	72	56	66	183
Sex Asslt/Expsr	9	6	12	31

Number of Reported Offenses,
in Selected Categories,
in Areas Surrounding Adult Use Businesses
1995 and 1996

TYPE OF OFFENSE	BOOKSTORES	CABARETS	POP SHOPS	THEATERS
Homicide	-	-	-	2
Sexual Assault	2	-	1	1
Robbery	27	7	15	49
Agg. Assault	19	14	20	31
Burglary	9	7	24	11
Larceny	56	94	83	110
Theft/Mo Veh	42	47	84	107
Auto Theft	35	12	32	57
Other Assaults	13	6	23	33
Crim Mischief	26	28	22	45
Other Sex Offns	4	1	-	6
Drug-Related	65	2	63	79
Disorderly Cond.	2	3	2	5
All Other Offns	3	2	2	10

Number of Arrests,
in Selected Categories,
in Areas Surrounding Adult Use Businesses
1995 and 1996

TYPE OF ARREST	BOOKSTORES	CABARETS	POP SHOPS	THEATERS
Disturbing the Peace	60	43	53	114
Drinking in Public/Vehicle	22	2	74	479
Drug Paraphernalia	120	2	117	98
Possession of Marijuana	47	10	49	71
Possession of Opium/Coke	71	4	70	52
Prostitution	60	-	56	42
Public Indecency	6	-	4	68
Urinating/Public	17	7	22	148
Loitering	111	-	109	138

VIII. IMPACTS ON PROPERTY VALUES

The primary emphasis of this analysis is on adult businesses located on major commercial strip streets or commercial/industrial strip streets. In all but one location, residential usage abuts the adult businesses. Each strip street is composed of a diverse mix of commercial usages, constructed within the same time frame, and having similar physical characteristics.

The neighborhood or locational analysis provides a bridge between the analysis of general influences on all property values and the analysis of a specific location. The goal of the locational analysis is to determine how social, economic, government and environmental forces influence property values in certain locations.

It is critical to recognize that many factors impact property value, and that paramount among these are those forces external to the property boundaries. The social climate within or around a location form the fabric upon which property value is created, modified or destroyed.

Methodology

Existing adult businesses in Denver were categorized into seven study groups in order to measure any impacts of such businesses on assessed property values. Assessment data from 1994-97 was used. This covered the prior five years because of the base-year valuation concept, which links 1993-94, 1995-96 and 1997-98 together for valuation purposes. The five-year time period included several real estate cycles.

The seven study groups were:

- Group I -- Dandy Dan's, Adult Trading Post
- Group II -- Pleasures/Alameda, Kitty's Tabor Theater
- Group III -- Crypt Theater, Kitty's South
- Group IV -- Paper Tiger, Las Vegas Adult Palace, PT's
- Group V -- Galaxy Theater, Kitty's Bookstore/Pleasure Palace
- Group VI -- Book Mart East, Colfax News, Saturday's
- Group VII -- Act I, II/Dove Theater/Pleasures

No historical assessed value analysis was undertaken for adult businesses located in the central business district because (1) the establishments in two cases are located in buildings with declining improvements and those improvements provide insignificant, if any, residual value above land value and (2) any diminution in value is linked to factors other than use. Additionally, a historical value analysis was not undertaken for the "Centerfold" adult business located along the East Hampden Avenue corridor because of the newness of this business.

Analysis of Impact on Property Values

GROUP IA - DANDY DAN'S 214 S. FEDERAL BV.

The residential and commercial properties are located in the Valverde neighborhood. The Valverde neighborhood has 665 residential properties and 44 commercial properties. The neighborhood is bounded on the west by Federal Blvd., on the south by Alameda Ave., on the east by Zuni St., Alcott Way and Decatur St., and on the north by W. 1st Ave. and W. 2nd Ave.

The rate of increase in total value for commercial properties in the adult business block increased by 22.71% between 1994-1997 compared to 17.07% for Group IA during the same period.

The rate of increase in total value for commercial blocks north of the adult business block increased by 19.38% between 1994-1997 compared to 17.07% for Group IA during the same period.

The rate of increase in total value for residential properties abutting the adult business block increased by 41.81% between 1994-1997. The rate of increase for the neighborhood during the same period was 58.26%.

The rate of increase in total value for residential properties abutting other commercial blocks north of the adult business block increased by 52.76% between 1994-1997. The rate of increase for the neighborhood during the same period was 58.26%.

The rate of increase in total value for residential blocks within the interior of the neighborhood increased by 59.01% between 1994-1997. The rate of increase for the neighborhood during the same period was 58.26%.

Based on values data from 1994-1997, residential properties showed a loss in value for the ones that abut the adult business block. A value loss is also indicated for residential properties that abut typical commercial usage, although the loss in percentage is not as great. The interior blocks bracket the neighborhood average for residential properties. The residential data indicates a loss in value due to adult business location.

Based on values data from 1994-1997, commercial properties within the adult business block and north of the adult business block are impacted to a lesser degree than the residential properties.

**GROUP IB - ADULT TRADING POST
7 S. FEDERAL BV.**

The residential and commercial properties are located in the Barnum neighborhood. The Barnum neighborhood has 2,093 residential properties and 74 commercial properties. The neighborhood is bounded on the west by Tennyson St., on the east by Federal Blvd., on the south by Alameda Ave., and on the north by 6th Avenue.

The rate of increase in total value for commercial properties in the adult business block increased by 9.36% between 1994-1997 compared to 15.49% for Group IB during the same period.

The rate of increase in total value for the commercial block north of the adult business block decreased by -1.0% between 1994-1997 compared to 15.49% for Group IB during the same period.

The rate of increase in total value for commercial blocks south of the adult business block increased by 26.80% between 1994-1997 compared to 15.49% for Group IB during the same period.

The rate of increase in total value for residential properties abutting the adult business block increased by 71.43% between 1994-1997. The rate of increase for the neighborhood during the same period was 64.48%.

The rate of increase in total value for residential properties abutting the commercial block north of the adult business block increased by 63.46% between 1994-1997. The rate of increase for the neighborhood during the same period was 64.48%.

The rate of increase in total value for residential properties abutting other commercial blocks south of the adult business block increased by 59.58% between 1994-1997. The rate of increase for the neighborhood during the same period was 64.48%.

The rate of increase in total value for residential blocks within the interior of the neighborhood increased by 54.24% between 1994-1997. The rate of increase for the neighborhood during the same period was 64.48%.

Based on values data from 1994-1997, the adult business impacted the commercial values. The analysis of residential values relative to the adult business indicates no impact on value.

GROUP IIA - PLEASURES BOOKS
3250 W. ALAMEDA AV.

The residential and commercial properties are located in the Westwood neighborhood. The Westwood neighborhood has 2,240 residential properties and 136 commercial properties. The neighborhood is bounded on the north by W. Alameda Ave., on the south by W. Mississippi Ave. and W. Exposition Ave., on the west by S. Raleigh St. and S. Stuart St., and on the east by S. Federal Blvd.

The rate of increase in total value for commercial properties in the adult business block increased by 11.78% between 1994-1997 compared to 13.67% for Group IIA during the same period.

The rate of increase in total value for commercial blocks east of the adult business block increased by 18.23% between 1994-1997 compared to 13.67% for Group IIA during the same period.

The rate of increase in total value for commercial blocks west of the adult business block increased by 18.61% between 1994-1997 compared to 13.67% for Group IIA during the same period.

The rate of increase in total value for residential properties abutting the adult business block increased by 22.35% between 1994-1997. The rate of increase for the neighborhood during the same period was 52.97%.

The rate of increase in total value for residential properties abutting the commercial block west of the adult business block increased by 26.90% between 1994-1997. The rate of increase for the neighborhood during the same period was 52.97%.

The rate of increase in total value for residential properties abutting the commercial block east of the adult business block increased by 43.72% between 1994-1997. The rate of increase for the neighborhood during the same period was 52.97%.

The rate of increase in total value for residential blocks within the interior of the neighborhood increased by 51.89% between 1994-1997. The rate of increase for the neighborhood during the same period was 52.97%.

Based on both commercial and residential values data from 1994-1997, properties abutting or adjoining the adult business establishment indicate a loss in value.

GROUP IIB - KITTY'S TABOR THEATER
3333 W. ALAMEDA AV.

The residential and commercial properties are located in the Barnum neighborhood. The Barnum neighborhood has 2,093 residential properties and 74 commercial properties. The neighborhood is bounded on the west by S. Tennyson St., on the east by S. Federal Blvd., on the south by W. Alameda Ave., and on the north by W. 6th Ave.

The rate of increase in total value for commercial properties in the adult business block increased by 16.57% between 1994-1997 compared to 8.67% for Group IIB during the same period.

The rate of increase in total value for commercial blocks east of the adult business block increased by 7.86% between 1994-1997 compared to 8.67% for Group IIB during the same period.

The rate of increase in total value for commercial blocks west of the adult business block increased by 8.01% between 1994-1997 compared to 8.67% for Group IIB during the same period.

The rate of increase in total value for residential properties abutting the adult business block increased by 60.66% between 1994-1997. The rate of increase for the neighborhood during the same period was 64.48%.

The rate of increase in total value for residential properties abutting the commercial block west of the adult business block increased by 64.24% between 1994-1997. The rate of increase for the neighborhood during the same period was 64.48%.

The rate of increase in total value for residential properties abutting other commercial blocks east of the adult business block increased by 54.97% between 1994-1997. The rate of increase for the neighborhood during the same period was 64.48%.

The rate of increase in total value for residential blocks within the interior of the neighborhood increased by 66.21% between 1994-1997. The rate of increase for the neighborhood during the same period was 64.48%.

The commercial blocks east and west of the adult business block produced a negative value change between 1994-1997. The residential analysis of the same two blocks produced opposite results - one equaled the neighborhood average and the other one was 4.0% under the neighborhood average. The residential analysis tends to indicate a loss in value due to the adult business.

GROUP IIIA - CRYPT THEATER/SALES
139 BROADWAY ST.

The residential and commercial properties are located in the Baker neighborhood. The Baker neighborhood has 655 residential properties and 87 commercial properties. The neighborhood is bounded on the east by Broadway St., on the west by Cherokee St., on the south by Alameda Ave. and on the north by 6th Ave.

The rate of increase in total value for commercial properties in the adult business block increased by 30.96% between 1994-1997 compared to 14.02% for Group IIIA during the same period.

The rate of increase in total value for commercial blocks north of the adult business block increased by 9.79% between 1994-1997 compared to 14.02% for Group IIIA during the same period.

The rate of increase in total value for residential properties abutting the adult business block increased by 101.47% between 1994-1997. The rate of increase for the neighborhood during the same period was 64.68%.

The rate of increase in total value for residential properties abutting the commercial block north of the adult business block increased by 91.22% between 1994-1997. The rate of increase for the neighborhood during the same period was 64.68%.

The rate of increase in total value for residential blocks within the interior of the neighborhood increased by 56.69% between 1994-1997. The rate of increase for the neighborhood during the same period was 64.68%.

The analysis of residential and commercial values relative to the adult business indicates no impact on values.

GROUP IIIB - PLEASURES/KITTY'S SOUTH
119 S. BROADWAY ST.

The residential and commercial properties are located in the Baker neighborhood. The Baker neighborhood has 655 residential properties and 87 commercial properties. The neighborhood is bounded on the east by Broadway St., on the west by Cherokee St., on the south by Alameda Ave. and on the north by 6th Ave.

The rate of increase in total value for commercial properties in the adult business block increased by 13.45% between 1994-1997 compared to 13.66% for Group IIIB during the same period.

The rate of increase in total value for commercial blocks south of the adult business block increased by 33.38% between 1994-1997 compared to 13.66% for Group IIIB during the same period.

The rate of increase in total value for commercial blocks north of the adult business block increased by 4.70% between 1994-1997 compared to 13.66% for Group IIIB during the same period.

The rate of increase in total value for residential properties abutting the adult business block increased by 46.66% between 1994-1997. The rate of increase for the neighborhood during the same period was 64.68%.

The rate of increase in total value for residential properties abutting other commercial blocks south of the adult business block increased by 64.83% between 1994-1997. The rate of increase for the neighborhood during the same period was 64.68%.

The rate of increase in total value for residential properties abutting the commercial block north of the adult business block increased by 87.07% between 1994-1997. The rate of increase for the neighborhood during the same period was 64.68%.

The rate of increase in total value for residential blocks within the interior of the neighborhood increased by 49.54% between 1994-1997. The rate of increase for the neighborhood during the same period was 64.68%.

The analysis of commercial values relative to the adult business is inconclusive. The residential analysis indicates a loss in value for properties that abut adult businesses.

GROUP IVA - PAPER TIGER 1196 S. SANTA FE DR.

The residential and commercial properties are located in the Overland-South Platte neighborhood. The Overland-South Platte neighborhood has 229 residential properties and 87 commercial properties. The neighborhood is bounded on the west by Platte River Drive, on the east by the Denver-Rio Grande Railroad, on the south by the intersection of S. Platte River Dr. and S. Santa Fe Dr., and on the north by the Valley Highway.

The rate of increase in total value for commercial properties in the adult business block increased by 15.07% between 1994-1997 compared to 32.99% for Group IVA during the same period.

The rate of increase in total value for commercial blocks east of the adult business block increased by 42.52% between 1994-1997 compared to 32.99% for Group IVA during the same period.

The rate of increase in total value for commercial blocks south of the adult business block increased by 28.05% between 1994-1997 compared to 32.99% for Group IVA during the same period.

The rate of increase in total value for residential properties abutting the adult business block increased by 89.29% between 1994-1997. The rate of increase for the neighborhood during the same period was 96.59%.

The rate of increase in total value for residential properties abutting the commercial block south of the adult business block increased by 3.97% between 1994-1997. The rate of increase for the neighborhood during the same period was 96.59%.

The rate of increase in total value for residential blocks within the interior of the neighborhood increased by 83.65% between 1994-1997. The rate of increase for the neighborhood during the same period was 96.59%.

Both the commercial and residential data are below their benchmark averages and there are two residential blocks with substantial problems which may not relate to adult business. The residential neighborhood is atypical for the city.

**GROUP IVB - LAS VEGAS ADULT PALACE
550 W. MISSISSIPPI AV.**

This is an industrial location. No residential properties are located in proximity to the adult business.

**GROUP IVC - PT'S
1601 W. EVANS AV.**

The residential and commercial properties are located in the College View neighborhood. The College View neighborhood has 316 residential properties and 70 commercial properties. The neighborhood is bounded on the west by S. Federal Blvd., on the east by S. Pecos St., S. Quivas St. and S. Zuni St., on the north by W. Jewell Ave., and on the south by W. Iliff Ave. and W. Evans Ave.

The rate of increase in total value for commercial properties in the adult business block decreased by -4.99% between 1994-1997 compared to 17.35% for Group IVC during the same period.

The rate of increase in total value for commercial blocks east of the adult business block increased by 22.81% between 1994-1997 compared to 17.35% for Group IVC during the same period.

The rate of increase in total value for commercial blocks west of the adult business block increased by 6.34% between 1994-1997 compared to 17.35% for Group IVC during the same period.

No residential properties abut the adult business block. However, new residential properties are under construction north of the adult business block.

The rate of increase in total value for residential properties abutting other commercial blocks west of the adult business block increased by 25.4% between 1994-1997. The rate of increase for the neighborhood during the same period was 39.96%.

The rate of increase in total value for residential blocks within the interior of the neighborhood increased by 58.03% between 1994-1997. The rate of increase for the neighborhood during the same period was 39.96%.

The commercial/industrial properties located in this area have other problems such as declining rental rates and soil contamination. However, the residential properties abutting other commercial properties indicate a loss in value.

GROUP V

633 E. COLFAX AV. - GALAXY THEATER

735 E. COLFAX AV. - KITTY'S BOOKSTORE/PLEASURE PALACE

The residential and commercial properties are located in two neighborhoods -- North Capital Hill and West City Park.

The North Capital Hill neighborhood has 51 residential properties and 182 commercial properties. The neighborhood is bounded on the south by E. Colfax Ave., on the north by 20th Ave., on the west by Broadway St. and on the east by Clarkson St.

The West City park neighborhood has 427 residential properties and 309 commercial properties. The neighborhood is bounded on the south by E. Colfax Ave., on the north by 20th Ave., on the west by Clarkson St. and on the east by York St.

The rate of increase in total value for commercial properties in the adult business blocks increased by 19.65% between 1994-1997 compared to 27.06% for Group V during the same period.

The rate of increase in total value for residential properties abutting the adult business blocks increased by 35.90% between 1994-1997. The rate of increase for the neighborhood during the same period was 66.08%.

Based on both commercial and residential values data from 1994-1997, properties abutting or adjoining the adult-use establishments indicate a loss in value.

Also, commercial properties located in this area have other problems unrelated to the adult business issue -- declining rental rates, disinvestments in properties and an increase in crime and homelessness.

**GROUP VIA: BOOKMART EAST
3309 E. COLFAX AVE.**

The residential and commercial properties are located in the South City Park neighborhood. The South City Park neighborhood has 489 residential properties and 64 commercial properties. The neighborhood is bounded on the west by York St., on the east by Colorado Blvd., on the south by E. Colfax Ave., and on the north by 17th Ave.

The rate of increase in total value for commercial properties in the adult business block increased by 67.64% between 1994-1997 compared to 20.67% for Group VIA during the same period.

The rate of increase in total value for commercial blocks east of the adult business block increased by 5.66% between 1994-1997 compared to 20.67 for Group VIA during the same period.

The rate of increase in total value for commercial blocks west of the adult business block increased by 20.84% between 1994-1997 compared to 20.67% for Group IVA during the same period.

The rate of increase in total value for residential properties abutting the adult business block increased by 57.36% between 1994-1997. The rate of increase for the neighborhood during the same period was 51.95%.

The rate of increase in total value for residential properties abutting other commercial blocks west of the adult business block increased by 49.38% between 1994-1997. The rate of increase for the neighborhood during the same period was 51.95%.

The rate of increase in total value for residential properties abutting other commercial blocks east of the adult business block increased by 51.62% between 1994-1997. The rate of increase for the neighborhood during the same period was 51.95%.

The rate of increase in total value for residential blocks within the interior of the neighborhood increased by 50.76% between 1994-1997. The rate of increase for the neighborhood during the same period was 51.95%.

The analysis of residential and commercial values relative to adult businesses indicates no impact on value.

GROUP VIB - COLFAX NEWS
8216 E. COLFAX AV.

The residential and commercial properties are located in the East Colfax neighborhood. The East Colfax neighborhood has 825 residential properties and 44 commercial properties. The neighborhood is bounded on the north by E. Colfax Ave., on the south by 11th Ave. and 12th Ave., on the east by Yosemite St. and on the west by Syracuse St. and Quebec St.

The rate of increase in total value for commercial properties in the adult business block decreased by -.47% between 1994-1997 compared to 12.18% for Group VIB during the same period.

The rate of increase in total value for commercial blocks east of the adult business block increased by 20.23% between 1994-1997 compared to 12.18% for Group VIB during the same period.

The rate of increase in total value for commercial blocks west of the adult business block increased by 7.26% between 1994-1997 compared to 12.18% for Group VIB during the same period.

The rate of increase in total value for residential properties abutting the adult business block increased by 37.37% between 1994-1997. The rate of increase for the neighborhood during the same period was 43.96%.

The rate of increase in total value for residential properties abutting the commercial block west of the adult business block increased by 39.02% between 1994-1997. The rate of increase for the neighborhood during the same period was 43.96%.

The rate of increase in total value for residential blocks within the interior of the neighborhood increased by 45.37% between 1994-1997. The rate of increase for the neighborhood during the same period was 43.96%.

Based on both commercial and residential values data from 1994-1997, properties abutting or adjoining the adult business indicate a loss in value.

Also, commercial properties located in this area have other problems unrelated to the adult business issue -- declining rental rates, disinvestments in properties, non-diversified tenancy and an increase in crime and homelessness.

GROUP VIC - SATURDAY'S
8315 E. COLFAX AV.

The residential and commercial properties are located in the East Colfax neighborhood. The East Colfax neighborhood has 433 residential properties and 28 commercial properties. The neighborhood is bounded on the east by Yosemite St., on the west by Syracuse St., on the south by Colfax Ave. and on the north by 17th Ave.

The rate of increase in total value for commercial properties in the adult business block increased by 29.03% between 1994-1997 compared to 18.63% for Group VIC during the same period.

The rate of increase in total value for commercial blocks east of the adult business block increased by 15.16% between 1994-1997 compared to 18.63% for Group VIC during the same period.

The rate of increase in total value for commercial blocks west of the adult business block increased by 21.26% between 1994-1997 compared to 18.63% for Group VIC during the same period.

The rate of increase in total value for residential properties abutting the adult business block increased by 40.82% between 1994-1997. The rate of increase for the neighborhood during the same period was 55.98%.

The rate of increase in total value for residential properties abutting the commercial block west of the adult business block increased by 48.87% between 1994-1997. The rate of increase for the neighborhood during the same period was 55.98%.

The rate of increase in total value for residential properties abutting other commercial blocks east of the adult business block increased by 35.65% between 1994-1997. The rate of increase for the neighborhood during the same period was 55.98%.

The rate of increase in total value for residential blocks within the interior of the neighborhood increased by 54.50% between 1994-1997. The rate of increase for the neighborhood during the same period was 55.98%.

Based on residential values data from 1994-1997, properties abutting or adjoining the adult businesses indicate a loss in value.

Also, commercial properties located in this area have other problems unrelated to the adult business issue -- declining rental rates, disinvestments in properties, non-diversified tenancy, and an increase in crime and homelessness.

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The residential properties are located in the Avondale neighborhood. The Avondale neighborhood has 495 residential properties and 40 commercial properties. The neighborhood is bounded on the east by Federal Blvd., on the west by Tennyson St., on the north by Colfax Ave., and on the south by 12th Ave.

The rate of increase in total value for commercial properties in the adult business block increased by 4.84% between 1994-1997 compared to 16.26% for Group VII during the same period.

The rate of increase in total value for commercial blocks west of the adult business block decreased by -0.23% between 1994-1997 compared to 16.26% for Group VII during the same period.

The rate of increase in total value for residential properties abutting the adult business block increased by 53.64% between 1994-1997. The rate of increase for the neighborhood during the same period was 65.12%.

The rate of increase in total value for residential properties abutting other commercial blocks west of the adult business block increased by 63.11% between 1994-1997. The rate of increase for the neighborhood during the same period was 65.12%.

The rate of increase in total value for residential properties abutting the commercial block east of the adult block increased by 31.81% between 1994-1997. The rate of increase for the neighborhood during the same period was 65.12%.

The rate of increase in total value for residential blocks within the interior of the neighborhood increased by 60.54% between 1994-1997. The rate of increase for the neighborhood during the same period was 65.12%.

Based on both commercial and residential values data from 1994-1997, properties abutting or adjoining the adult business indicate a loss in value.

Analysis of Commercial Property Values

Based on the analysis of commercial value data from 1994-97, the value for adult business blocks were less than the groups' average changes in values in 9 out of 14 cases, or 78.5% of the time. The average rate of decrease in value below the groups' average values was 13.6%.

The values for adult business blocks were greater than the group's average values in 3 out of 14 cases, or 21.4% of the time. The average rate of increase in value above the groups' average values was 21%.

Analysis of values for commercial blocks in close proximity to the adult business blocks was inconclusive -- 29 blocks greater than the groups' average values, and 38 blocks less than the groups' average values.

Analysis of Residential Property Values

Based on the analysis, values for residential properties abutting the adult business blocks were less than the neighborhood average values in 10 out of 13 cases, or 76.9% of the time. The rate of decrease below the neighborhood average was 16.9%.

The values for residential properties abutting the adult business blocks were greater than the neighborhood average values in 3 out of 13 cases, or 23% of the time. The rate of increase above the neighborhood average was 16.3%.

Based on the analysis, values for residential properties abutting typical commercial-use blocks were less than the neighborhood average values in 24 out of 29 cases, or 82.7% of the time. The rate of decrease below the neighborhood average was 11.8%.

The values for residential properties abutting typical commercial-use blocks were greater than the neighborhood average values in 5 out of 29 cases, or 17.2% of the time. The rate of increase above the neighborhood average was 11.4%.

Analysis of residential interior blocks was inconclusive -- 15 blocks were greater than the residential neighborhood average values, and 18 blocks were less than the residential neighborhood average values.